



QUARTERLY REPORT ON CONSOLIDATED RESULTS FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2009 (The figures have not been audited)

CONDENSED CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2009 RM'000	Preceding Year Corresponding Quarter 30/09/2008 RM'000	Current Year To Date 30/09/2009 RM'000	Preceding Year Corresponding Period 30/09/2008 RM'000
Revenue	9,155	18,937	44,384	52,003
Cost of sales	(6,180)	(15,127)	(34,730)	(41,962)
Gross profit	2,975	3,810	9,654	10,041
Other income	108	149	543	388
Administrative expenses	(2,441)	(3,330)	(7,937)	(6,310)
Other expenses	(190)	(159)	(677)	(2,994)
Finance costs	(106)	(160)	(503)	(451)
Profit before taxation	346	310	1,080	674
Income tax expense	(183)	(83)	(395)	(78)
Profit for the period	163	227	685	596
Attributable to:				
Equity holders of the parent	163	227	685	596
Minority interest	-	-	-	(1.0)
	163	227	685	595
Earnings per share attributable to equity holders of the parent:				
- basic (sen)	0.09	0.13	0.38	0.33
- fully diluted (sen)	N/A	N/A	N/A	N/A

The Condensed Consolidated Income Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2008.



DIGISTAR CORPORATION BERHAD

(Co. No. 603652-K)

QUARTERLY REPORT ON CONSOLIDATED BALANCE SHEET AS AT 30 SEPTEMBER 2009 (The figures have not been audited)

CONDENSED CONSOLIDATED BALANCE SHEET

	As At End of Current Quarter 30/09/2009 RM'000	As At Preceding Financial Year Ended (As Restated) 30/09/2008 RM'000
ASSETS		
NON-CURRENT ASSETS		
Property, plant and equipment	7,322	6,496
Prepaid lease payments	587	594
Investment Properties	366	366
Deferred Tax Assets	151	151
	8,426	7,607
CURRENT ASSETS		
Inventories held for resale	2,875	2,854
Trade receivables	24,398	21,991
Other receivables, deposit and prepayment	501	960
Fixed deposits with licensed banks	10,602	7,921
Cash and bank balances	118	130
	38,494	33,856
TOTAL ASSETS	46,920	41,463
EQUITY AND LIABILITIES		
EQUITY		
Share capital	19,158	19,158
Share premium	1,630	1,630
Warrant reserve	503	503
Treasury Shares, at cost	(2,014)	(2,010)
Translation Reserve	-	3
Retained profits	7,516	6,831
SHAREHOLDERS' EQUITY	26,793	26,115
Minority Interest	2	53
TOTAL EQUITY	26,795	26,168
NON-CURRENT LIABILITIES		
Hire purchase payables	530	42
TOTAL NON-CURRENT LIABILITIES	530	42
CURRENT LIABILITIES		
Trade payables	3,175	3,315
Amount owing to contract customers	13,382	3,232
Other payables and accruals	1,008	472
Provision for taxation	259	193
Bank overdraft	1,143	3,972
Short term borrowings	628	4,069
TOTAL CURRENT LIABILITIES	19,595	15,253
TOTAL LIABILITIES	20,125	15,295
TOTAL EQUITY AND LIABILITIES	46,920	41,463
NET ASSETS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT (sen)		
	15.05	14.67

The Condensed Consolidated Balance Sheet should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2008.



CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2009 (The figures have not been audited)

	Non-Distributable Reserve				Distributable Reserve		Total	Minority Interest	Total Equity
	Share Capital	Share Premium	Warrant Reserve	Treasury Shares	Translation Reserve	Reserve Retained Profits			
	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000	RM'000
At 1 October 2008 (as restated)	19,158	1,630	503	(2,010)	3	6,831	26,115	53	26,168
Share Repurchased	-	-	-	(4)	-	-	(4)	-	(4)
Struck-off of a subsidiary	-	-	-	-	(3)	-	(3)	(51)	(54)
Net Profit for the period	-	-	-	-	-	685	685	-	685
At 30 September 2009	19,158	1,630	503	(2,014)	-	7,516	26,793	2	26,795
At 1 October 2007	19,158	1,630	503	(590)	-	6,234	26,935	-	26,935
Share Repurchased	-	-	-	(1,419)	-	-	(1,419)	-	(1,419)
Currency Translation Difference	-	-	-	-	3	-	3	-	3
Subscription for shares in a subsidiary	-	-	-	-	-	-	-	54	54
Net Profit for the Period	-	-	-	-	-	596	596	(1)	595
At 30 September 2008	19,158	1,630	503	(2,009)	3	6,830	26,115	53	26,168

The Condensed Consolidated Statement of Changes in Equity should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2008.



CONDENSED CONSOLIDATED CASH FLOW STATEMENT FOR THE CUMULATIVE QUARTER ENDED 30 SEPTEMBER 2009 (The figures have not been audited)

	30/09/2009 RM'000	30/09/2008 RM'000
CASH FLOWS FROM/(FOR) OPERATING ACTIVITIES		
Profit before taxation	1,080	674
Adjustments for:-		
Non cash items	1,136	2,956
Non operating items	(121)	21
Operating profit before working capital changes	2,095	3,651
Net changes in current assets	(2,480)	(9,918)
Net changes in current liabilities	11,244	4,959
Cash from/(for) operations	10,859	(1,308)
Interest paid	(362)	(376)
Income tax paid	(329)	193
Net cash from/(for) operating activities	10,168	(1,491)
CASH FLOWS FROM/(FOR) INVESTING ACTIVITIES		
Interest received	219	267
Purchase of property, plant and equipment	(1,496)	(1,201)
Proceeds from disposal of property, plant and equipment	264	5
Additional investment in subsidiaries	-	(3)
Net cash flow on acquisition of a subsidiary	-	52
Net cash for investing activities	(1,013)	(880)
CASH FLOWS FROM/(FOR) FINANCING ACTIVITIES		
Acquire of treasury shares	(4)	(1,419)
(Decrease)/Increase in bills payable	(3,515)	693
Repayment of hire purchase obligations	(136)	(249)
Net cash for financing activities	(3,655)	(975)
Net increase/(decrease) in cash and cash equivalents	5,500	(3,346)
Effects of Foreign Exchange Translation	(3)	6
Cash and cash equivalents at beginning of the period	4,080	7,420
Cash and cash equivalents at end of the period	9,577	4,080
Note:		
Cash and cash equivalents comprise of:		
Fixed deposits with licensed bank		
- available	2,328	2,320
- restricted	8,274	5,601
Cash and bank balances	118	130
Bank overdraft	(1,143)	(3,971)
	9,577	4,080

The Condensed Consolidated Cash Flow Statement should be read in conjunction with the Group's annual financial report for the financial year ended 30 September 2008.



UNAUDITED QUARTERLY REPORT FOR THE FOURTH QUARTER ENDED 30 SEPTEMBER 2009

A. EXPLANATORY NOTES AS PER FRS 134

A1. Basis of Preparation

The interim financial report is unaudited and has been prepared in accordance with the Financial Reporting Standard (FRS) 134 Interim Financial Reporting and Appendix 9B of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”), and should be read in conjunction with the Group’s annual financial report for the financial year ended 30 September 2008.

A2. Changes in Accounting Policies

The accounting policies adopted by Digistar Corporation Berhad (“Digistar”) and its subsidiary companies (“Group”) in the interim financial report are consistent with those adopted for the financial statements for the financial year ended 30 September 2008.

A3. Seasonal or Cyclical Factors

Save as disclosed in Note B1 and B2, the results of the Group were not materially affected by any significant seasonal or cyclical factors during the quarter under review.

A4. Unusual Items Affecting Assets, Liabilities, Equity, Net Income or Cash Flows

There were no unusual items affecting assets, liabilities, equity, net income or cash flows during the quarter under review.

A5. Material Changes in Estimates

There were no changes in estimates of amounts reported in prior interim periods, which have a material effect in the current quarter under review.

A6. Debts and Equity Securities

Save as disclosed below, there was no issuance, repurchase and repayment of debt and equity securities, for the current period and financial year-to-date.

There was no share buy-back by the Company in the current financial quarter. For the financial year to date, there is a total of 48,100 ordinary shares of the Company were repurchased with a total consideration of RM 3,693.59. The share buy-back transactions were financed by internally generated funds. The shares purchased are being held as treasury shares. As at 30 September 2009, the number of treasury shares held were 13,574,700 ordinary shares.

A7. Dividend Paid

No dividend was paid during the quarter under review.



A8. Segmental Information

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2009 RM'000	Preceding Year Corresponding Quarter 30/09/2008 RM'000	Current Year To Date 30/09/2009 RM'000	Preceding Year Corresponding Period 30/09/2008 RM'000
REVENUE BY ACTIVITIES				
System integration	6,663	16,430	31,492	26,406
Maintenance income	130	341	2,843	4,202
Sales of goods	2,080	1,966	8,980	20,672
Rental income	282	200	1,069	723
Total	9,155	18,937	44,384	52,003

A9. Material Events Subsequent to the End of the Quarter

There were no material events subsequent to the current quarter under review up to the date of this report which is likely to substantially affect the results of the operations of the Company.

A10. Changes in the Composition of the Group

There were no changes in the composition of the Group during the quarter under review and financial year to-date except an application by the Company to the Accounting & Corporate Regulatory Authority of Singapore to strike off its 55%-owned subsidiary incorporated in Singapore, Digilink International Pte. Ltd (“DIGILINK”) from the Register under the Companies Act of Singapore. DIGILINK is currently dormant and the Board has no intention to commence any business activities in the future.

A11. Contingent Liabilities

- The Company has provided corporate guarantees for hire purchase facilities granted to a wholly-owned subsidiary for a total amount of RM928,000. As at 30 September 2009, the total hire purchase balance stood at RM695,426.
- The Company has provided corporate guarantees with a total of RM61,130 to the customers of a wholly-owned subsidiary for the due performance of the system integration jobs.
- The Company has also provided corporate guarantees for bank facilities granted to a wholly-owned subsidiary for a total amount of RM25.5million. As at 30 September 2009, the total outstanding balances of the bank facilities are disclosed in Note B9 below.

Save as disclosed in the above, there were no material contingent liabilities as at 26 November 2009, being the date not earlier than 7 days from the date of this announcement.



A12. Significant Related Party Transactions

There were no significant related party transactions during the quarter under review.

B. ADDITIONAL INFORMATION REQUIRED BY BURSA SECURITIES' LISTING REQUIREMENTS

B1. Review of the Performance

The Group registered a revenue and profit before taxation of RM9.16 million and RM346,000 respectively for the fourth quarter ended 30 September 2009 as compared to a revenue and profit before tax of RM18.94 million and RM310,000 in the preceding year corresponding quarter. The increased in profit before tax in current quarter is mainly due to better profit margin for the revenue recorded during the quarter.

The Group registered a total revenue and profit before tax of RM44.4 million and RM1.1 million respectively for the financial year ended 30 September 2009 verses RM52 million and RM674,000 in the last financial year. The higher profit before tax for the year is mainly attributable to better profit margin for current year's revenue.

Save as disclosed above, there are no material factors which have affected the earnings and revenue of the Group for the current quarter and financial year to date.

B2. Comparison with Preceding Quarter's Results

	Current Quarter Ended 30/09/2009 RM'000	Preceding Quarter Ended 30/06/2009 RM'000	Difference	
			RM'000	%
Revenue	9,155	14,948	(5,793)	(38.8)
Profit before taxation	<u>346</u>	<u>316</u>	<u>30</u>	<u>9.5</u>

The revenue for the current quarter reduced by 38.8% while the Group registered a profit before taxation of RM 346,000 as compared to the preceding quarter profit of RM 316,000. The increased in the profit before tax in current quarter is mainly due to higher profit margin sales registered in the quarter under review.

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B3. Prospects for the Financial Year Ending 30 September 2010

The general economy condition in Malaysia has improved over the past one year at the backdrop of huge spending by our Government, Malaysia expects to register a positive economic growth for the year 2009. Since the property development, construction and ICT sectors have improved in the numbers of project roll-out, the Group will have a fair chance to secure more sales in the coming financial year.

For broadcasting, most of the television networks and production facilities in the Asia-Pacific region are still on analogue systems. All countries currently strive towards meeting the International Telecommunication Union's deadline of June 17, 2015 for broadcasting to transit from analogue to digital or they stand the risk of being isolated from the world's broadcasting community.

With the introduction of High Definition ("HD") contents to the general viewers, most of the broadcasters are working against time to have their broadcast stations HD ready. This give ample opportunity for the Company to offer its broadcast system integration services to broadcasters in this region.

Barring any unforeseen circumstances, the Directors anticipate that the Group will remain profitable for the financial year ending 30 September 2010.

B4. Profit Forecast, Profit Guarantee and Internal Targets

The Group did not provide any profit forecast, profit guarantee and internal targets in any public document or any announcements made.

B5. Taxation

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
		Preceding Year		Preceding Year
	Current Year Quarter 30/09/2009 RM'000	Corresponding Quarter 30/09/2008 RM'000	Current Year To Date 30/09/2009 RM'000	Corresponding Period 30/09/2008 RM'000
Tax payable for the period	183	83	395	283
Over provision for taxation in prior year	-	-	-	(12)
	183	83	395	271

The effective tax rate of the Group for the financial year-to-date and the current quarter is higher than the statutory tax rate due to certain expenses were not allow for tax purposes.



B6. Profit/(Loss) on Sale of Unquoted Investments and/or Properties

There was no disposal of unquoted investments and/or properties for the current quarter and financial year-to-date.

B7. Purchase or Disposal of Quoted Securities

Save as disclosed in Note A6, there were no purchases or disposals of quoted securities for the current quarter. The Company/Group does not hold any quoted securities (other than the Company's own shares) as at 30 September 2009.

B8. Status of Corporate Proposals

There are no corporate proposals outstanding as at 26 November 2009.

B9. Group Borrowings and Debt Securities

The Group's borrowings (which are all denominated in Ringgit Malaysia) as at 30 September 2009 consist of the following:-

	Short Term RM'000	Long Term RM'000	Total RM'000
Secured:-			
Bank overdraft	1,143	-	1,143
Bankers acceptance	463	-	463
Hire purchase liabilities	165	530	695
Total	<u>1,771</u>	<u>530</u>	<u>2,301</u>

B10. Off Balance Sheet Financial Instruments

There were no financial instruments with off balance sheet risks as at 26 November 2009, being the date not earlier than 7 days from the date of this announcement.

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B11. Material Litigation

Save as disclosed below, the Company and/or its subsidiaries are not engaged in any material litigation which may materially or adversely affect the financial position or business of the Digistar Group.

Klang Sessions Court Summons No: 1-52-1105-2004

On 10 June 2004, a wholly owned subsidiary of the Company, Digistar Holdings Sdn Bhd (“DHSB”) commenced legal proceedings against a former employee, Koh Jui Lian, whereby DHSB is claiming for the return of a sum of RM31,000.00 (together with interest on the said sum at the rate of 8% per annum calculated from 10 June 2004 until the date of full realisation), which was erroneously paid as advance sales commission to the said Koh Jui Lian. In turn, Koh Jui Lian is counter-claiming for a sum of RM450,129.00 towards outstanding sales commission allegedly due to him during his employment with DHSB.

DHSB has instructed its counsel to file an application to strike out the defendant’s defence and counterclaim. On 11 March 2009, the Court has dismissed the said application with cost. The Court has further adjourned the trial to 11 May 2010.

The directors have been advised by their legal counsel that a part of each party’s claims against the other is barred by the prescribed limitation period under the Limitation Act. Further, to succeed in his claim, Koh Jui Lian will be required to prove all his commission claims at the upcoming trial.

Kuala Lumpur High Court of Malaya Civil Suit No. D-22-2024-2008

On 6 February 2009, a wholly-owned subsidiary of the Company, DHSB had through its Solicitors filed an Application for Summary Judgement On 5 November 2008, against Ranhill Engineers And Constructors Sdn. Bhd. (“REAC”) at Kuala Lumpur High Court of Malaya (“the Court”) for the following claims:-

- a) Total outstanding amount of RM1,302,044.41 as at 6 October 2006 for works done under “the design, supply, installation, testing and commissioning of extra low voltage system for nurses and hospital block for the proposed 620 bedded Serdang Hospital in Serdang, Mukim Dengkil, Selangor Darul Ehsan”;
- b) Interest on the above sum at a rate of 8% per annum from 7 October 2006 until the date of judgment and interest at the rate of 8% per annum from the date of judgment until the date of full settlement;
- c) Cost; and
- d) Other reliefs as the Court deems fit.

DHSB had obtained a Summary Judgement on 25 May 2009. DHSB’s Solicitors had served the seal copy of the order and judgement to REAC on 13 July 2009. DHSB’s Solicitors had also served a notice pursuant to Section 218(2)(a) of the Companies Act, 1965 to REAC on 11 August 2009. DHSB is in the mist of enforcing the judgement to recover the outstanding judgement debts.

There is no major financial impact of the legal proceedings on the Company as the debt owed by REAC was fully provided in the accounts.



B12. Dividends

There was no dividend declared/recommended by the Board of Directors for the current financial period under review as well as the previous corresponding quarter. There is no dividend declared/recommended for the financial year to-date

B13. Earnings Per Share

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	Current Year Quarter 30/09/2009	Preceding Year Corresponding Quarter 30/09/2008	Current Year To Date 30/09/2009	Preceding Year Corresponding Period 30/09/2008
Basic Earnings Per Share				
Net profit attributable to members of the Company (RM'000)	163	227	685	596
Weighted average number of ordinary shares in issue	178,005,950	179,836,296	178,013,715	182,546,002
Basic earnings per share (sen)	0.09	0.13	0.38	0.33

The fully diluted earnings per share is not presented as the assumed conversion from the warrants would be anti-dilutive.

B14. Qualification of Financial Statements

The audit report of the preceding financial statements for the financial year ended 30 September 2008 was not subject to any audit qualification.

B15. Authorisation for Issue

The interim financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the directors on 26 November 2009.

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